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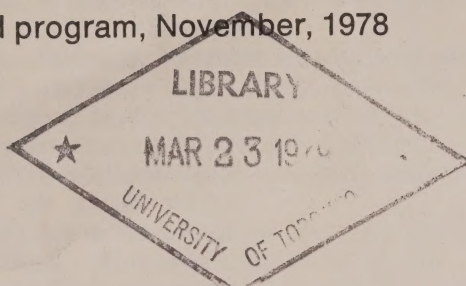
Ministry of
Culture and
Recreation

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Information and guidelines for financial assistance to Canadian book publishers

Revised program, November, 1978



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General description of revised program

Firms eligible for assistance

Canadian-owned, Ontario-based book publishers may be eligible for assistance from the Province of Ontario in the form of a) a guarantee of a loan made by a commercial lending institution and/or b) a rebate of interest.

The applicant must be a Canadian-owned and controlled book publisher, which is a corporation in which at least 75% of the shares having full voting rights under all circumstances and shares representing at least 75% of the paid up capital, are beneficially held by Canadian citizens ordinarily resident in Canada, or by landed immigrants, or by Canadian-owned and controlled corporations; and which is not subject to the control or direction of non-residents. In addition, the head office of the corporation must be in the Province of Ontario; the corporation must employ at least 50% of its full-time employees in Ontario; book publishing must represent the major source of revenue for the applicant; and the applicant must either already be in the existing book publishing loan program or, if a new applicant, must have net sales of eligible books in the preceding fiscal year of at least \$150,000.

Eligible books are bound (cloth or paper) books written by either a Canadian citizen or a landed immigrant resident in Canada and published by the applicant.

In cases in which there is common ownership of more than one eligible publishing firm, the ultimate owner may file only one application on behalf of his or her companies.

Assistance available

Applicants may participate in either a) a combined loan guarantee and interest subsidy program or b) in an interest subsidy program only. Subject to the restrictions outlined below, an applicant's maximum level of eligibility for participation in either program will be an amount equal to 40% of the applicant's net sales of eligible bound Canadian books in the previous fiscal year.

Sales of subsidiary rights may be included in the eligible annual sales of a publisher for the purpose of qualifying for entry into the program or establishing the level of guarantee as a participant in the program. For the purposes of the program, sales of rights are allowed only for Canadian-authored books which have been originally published in Canada under the applicant's imprint. The maximum allowance for sales of rights is 10% of applicant's total net sales of eligible books in the previous fiscal year. Subsidiary rights may include sales of rights such as book club, serialization, translation, mass-

market reprints, film and radio dramatization, but final decision on the eligibility of any rights sales to qualify under the program will be determined during the review of the publisher's application by the Ministry of Culture and Recreation and the Ontario Development Corporation.

The level of eligibility will be adjusted annually on the basis of reports submitted by the applicant within three months of the end of the applicant's fiscal year. In cases in which a publishing firm has assigned order fulfilment functions to another company, the applicant's net sales of eligible books may be adjusted for the purpose of permitting comparable treatment with other applicants. However, in all such cases, the applicant must receive approval for any adjustment from the government after an examination of the details of the applicant's distribution and accounting procedures.

a) The loan guarantee and interest subsidy program

For applicants in the combined loan guarantee and interest subsidy program, the amount of any loan guarantee provided by the government shall not exceed \$250,000, which would represent eligible annual net sales of \$625,000.

Participating firms whose sales have increased to beyond this level, will be transferred out of the loan guarantee portion of the program on terms to be negotiated among the applicant, the commercial lending institutions involved, and the government. In the case of the loan guarantee, an amount based on 40% of eligible net sales represents the maximum amount of assistance available. The actual amount of any loan guarantee shall be based on an assessment of both the applicant's financial condition and the level of guarantee needed and, if approved, the guarantee may be lower than the maximum level indicated by the formula.

Companies in the combined program will also be eligible to receive an interest subsidy at 50% of the prime lending rate on actual interest charges paid.

Each applicant will be eligible for such subsidy on the interest charges on loans in the amount of 40% of net annual sales of eligible books up to a maximum of \$250,000. The interest subsidy will be paid on a calendar year basis and the final date for the submission of interest subsidy requests will be March 31st. Interim interest subsidy requests on a quarterly or semi-annual basis would be preferred but no request submitted later than March 31st will be accepted.

b) The interest subsidy program

Publishers participating in the interest subsidy program will be eligible for assistance on the basis of 50% of the prime lending rate up to a maximum of \$50,000. The subsidy will be calculated on the basis of actual interest charges paid on loans in an amount of up to 40% of the applicant's net annual sales of eligible books.

Payments will be made on a calendar year basis and the final date for submission will be March 31st of the following year. Interim payments may be made during any year either on a quarterly or semi-annual basis.

Terms and conditions of participation

The applicant must be incorporated under the laws of Ontario or the laws of Canada. The Ontario Government, when it becomes a loan guarantor, is to become a secured creditor through the appropriate assignment of assets by the applicant. At least a majority of the eligible books sold by the applicant must be books which are manufactured in Canada.

Acceptance in the program and continued participation shall be subject to the provision of such information and documents as are requested in the application forms or under the terms of participation agreed to by the applicant, plus such additional information as may be requested.

Procedures for application

New applicants who wish to participate in the program should contact the Cultural Industries Branch of the Ministry of Culture and Recreation. A short application form for new applicants to the program is available on request from the Ministry. Subject to this initial establishing of eligibility, new applicants will be asked to file a full application.

The Ontario Development Corporation administers the program of financial assistance to book publishers. Review of applications will be undertaken jointly by the Ministry of Culture and Recreation and the Ontario Development Corporation and recommendations for loan guarantees are subject to approval by the Board of the Ontario Development Corporation.



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